

Attachment #

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Dear Employer,

In recent weeks, we have contacted you about actions taken by the VantageTrust Company Board of Directors ("Board") with regard to funds in your plan that regulators have cited for improper trading practices.

These Board actions are part of a comprehensive ongoing review of the funds offered in our plans. At the ICMA Retirement Corporation ("ICMA-RC"), we believe that our foremost responsibility is to protect the interests of our public sector clients. Our standard for fund companies is absolute confidence that these firms will place investors' best interests first when making all investment and business decisions. If this confidence is broken, we will terminate the fund company relationship.

As your retirement plan provider, we understand that the closings of these funds, over the past several months, may have added to your administrative burden. We are taking as many steps as possible to smooth the transition during this difficult period.

At this time, we are announcing that as early as April 23, 2004, we are closing the VT MFS Large Company Growth Fund. The action of the Board was taken because the enforcement actions that have been taken against the fund describe a corporate environment in which unequal treatment of shareholders was not only tolerated, but also facilitated by the company's top leaders.

On February 5, 2004, the SEC announced a settlement enforcement action against Massachusetts Financial Services (MFS) and key executives. According to SEC documents, MFS executives knowingly permitted frequent trading in 10 MFS mutual funds, despite prospectus language forbidding the practice. Excessive trading is harmful to investors because it generates costs that are borne by all shareholders of a fund. As a result of the settlement, MFS agreed to pay back \$175 million in revenue it shouldn't have collected and \$50 million in fines. Additionally, the CEO and the President of MFS are temporarily suspended from the industry and must pay monetary penalties.

Given the SEC settlement with MFS Investment Management* ("MFS"), ICMA-RC has drawn the following conclusions:

- Senior management actively participated in unethical behavior.
- The settlement describes a culture that did not put shareholder interests first.
- The effects of the regulatory action will continue to be a distraction for the foreseeable future and may have an impact on fund performance.

As a result, any assets in the Fund at the date of closing will be transferred to the Vantagepoint Growth Fund and any allocations will default to the Vantagepoint Growth Fund. Letters are being sent to participants who hold assets in these funds, with information about the fund closing and their investment options. Information about alternative funds of similar style is provided below.

ICMA-RC believes that it is prudent to delay recommending funds for inclusion in the VantageTrust Mutual Fund Series until the various federal and state investigations proceed further and to transfer funds to the closest corresponding Vantagepoint Fund.

At this point, we cannot be certain that any fund family will not face allegations similar to those made against Invesco, Janus, MFS, Putnam and others. Because ICMA-RC's fund selection process cannot detect fraud or other illegal activities, we cannot gain confidence at this time that charges of wrongdoing would not be levied against any replacement fund family.

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ICMA RETIREMENT CORPORATION
 The Public Sector Expert

Vantagepoint securities are distributed by ICMA-RC Services, LLC., a broker-dealer affiliate of ICMA-RC, member NASD/SIPC. AC: 0304-43.

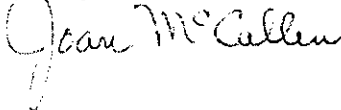
We do have confidence that our own policies and procedures ensure fair and equal treatment of shareholders. Therefore, we believe that it is prudent to transfer assets that remain in a closed fund on the closing date to the most similar Vantagepoint Fund. Participants are free to transfer to any other fund they prefer before and after fund closings.

ICMA-RC recognizes that some plan sponsors and participants may be concerned that this and previous fund closures are reducing the number of investment options. We look forward to recommending replacements for the closed funds in the VantageTrust Mutual Fund Series once it appears that the various federal and state investigations into the mutual fund industry are complete.

We ask your understanding as we undertake these fund reviews. Our Board members, many of whom are public employers themselves, are acting as promptly as possible, once our Investment professionals make a determination about the severity of the offenses committed by the fund company.

You can be confident that we will continue to monitor the developments related to all of our fund offerings and will consistently take actions in the interests of our investors. Feel free to contact our Employer Services representatives at 1-800-326-7272 if you have questions about these changes.

Sincerely,



Joan McCallen

As of 12/31/2003*

	1 Year	3 Years annualized	5 Years annualized	Expense Ratio**
MFS Massachusetts Investors Growth	22.64%	-12.91%	-3.19%	0.94%
Vantagepoint Growth	28.71%	-6.15%	1.81%	0.88%
American Century Ultra	25.83%	-6.18%	-1.32%	0.99%

** This information is being provided for educational purposes only and is not intended to be construed as or relied upon as investment advice. This information is not intended to be construed as a solicitation for particular product or security. Performance reflected above represents past performance. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Past performance is not indicative of future returns. Individuals are advised to consider any new investment strategies carefully prior to implementing. Please consult both the current Vantagepoint Funds prospectus and Making Sound Investment Decisions: A Retirement Investment Guide, which contains additional information on management fees, other fund expenses, and investment risks and objectives carefully prior to investing any money. Vantagepoint securities are distributed by ICMA-RC Services LLC, a broker dealer affiliate of ICMA-RC, member NASD/SIPC. ICMA-RC Services LLC, 777 North Capitol Street NE, Washington, DC 20002-4240. 1-800-669-7400.*

**** Expense ratio data as of December 31, 2002.**

March 24, 2004

Mr. Ernie Poiriere
Leon County
Human Resources

Re: ICMA Retirement Corporation Due Diligence Process

Dear Ms. Poiriere:

Thank you for the opportunity to provide Leon County with an explanation of how the ICMA Retirement Corporation ("ICMA-RC") performs its due diligence review of the investment options offered through your 457 deferred compensation retirement plan.

ICMA-RC Due Diligence

ICMA-RC conducts independent oversight and review of all funds offered to its retirement plan sponsor clients. This includes both the Vantagepoint Funds and the VantageTrust Funds. An in-house team of experienced investment professionals manages both the Vantagepoint Funds and the VantageTrust Funds.

The Vantagepoint Funds are SEC-registered mutual funds, and each fund has a stated investment objective. Professional investment management organizations (referred to as subadvisers) are hired to manage specific segments of each fund. Each subadviser is in turn bound by a set of guidelines specific to the Vantagepoint fund segment they are hired to manage. The guidelines not only characterize the investment objective, but also set limits on the types of securities each subadviser is allowed to purchase for the fund's portfolio. These limits are designed to control the risk of the portfolio, yet allow the subadviser to add value to the Vantagepoint fund in its area of expertise. Riskier types of investments and strategies are specifically addressed in each manager's assignment and are monitored closely by our in-house Investments Division.

Through the VantageTrust, ICMA-RC offers additional funds, namely the stable value VantageTrust PLUS Fund, as well as a number of nationally recognized outside mutual funds known as the VantageTrust Mutual Fund Series.

We manage the VantageTrust PLUS Fund with the same high level of due diligence conducted for the Vantagepoint Funds. Additionally, a portion of the fund is managed in-house for direct purchase of Guaranteed Investment Contracts that meet strict credit research and diversification standards.

In the case of the Mutual Fund Series, we conduct thorough due diligence, but we do not have control over the investment objectives and guidelines of these outside mutual funds. Both quantitative and qualitative analyses are conducted to determine each fund's adherence to stated objectives, prospectus parameters, and to identify the specific types of risk incurred by the fund. Regular analysis and reporting are performed. An adjustment to the Mutual Fund Series is made if a fund fails to meet ICMA-RC's quantitative and qualitative expectations.

This independent oversight allows ICMA-RC to add a level of portfolio analysis and risk management over the Vantagepoint Funds, their subadvisers, and the VantageTrust Funds. Changes in the management of these funds, with the exception of the Mutual Fund Series, must receive the approval of the funds' respective Board of Directors. Changes to the Mutual Fund Series lineup must receive the approval of the ICMA-RC Board Investment Committee and the VantageTrust Company's Board of Directors.

Subadviser/Fund Review and Selection

Extensive analysis and evaluation are performed in the subadviser selection process for the Vantagepoint Funds to ensure that highly capable firms are selected that meet our diversification requirements and provide an advantageous tradeoff between return and risk. Activities in the subadviser selection process include the following:

- Identifying the subadviser style sought for a position on a fund team
- Completing an initial screen of subadvisers, using internal and external databases, that focuses on years of experience, firm history, product and personnel, and minimum performance (return and risk) requirements
- Interviewing subadvisers to identify the strongest candidates
- Completing on-site due diligence visits of strong candidates to confirm and validate subadvisers' abilities
- Preparing recommendations for consideration by senior management, directors, and trustees
- Negotiating fees and completing documents, including but not limited to investment guidelines and contracts

The same process is followed for non-proprietary funds to the extent possible (given disclosure limitations).

Monitoring/Evaluation

Once a subadviser is retained, our Investments Division continually reviews all aspects of the subadviser's portfolio and management team. The investment approaches that produced past success are continually evaluated to assure that they remain intact. Elements of our monitoring activities include:

- Ensuring competitive performance relative to market benchmarks and peer universe over various periods
- Reviewing organization and personnel depth and consistency to support a successful product
- Evaluating subadviser portfolios and securing portfolio holdings to ensure consistency with style
- In-depth quarterly analysis prepared for management, board, trust, and investor reporting and communications
- Developing and maintaining a "watch list" of managers that require more critical review due to changes in performance, organizational structure, personnel, or style, which could lead to unsatisfactory future performance results longer term

Quantitative measures include the following:

- Rates of return
- Sector allocations
- Performance attribution
- Sector selection (technology, energy, financial, etc.)
- Style factors (volatility, momentum, size, leverage, value, growth, currency sensitivity, yield, earnings variation, etc.)
- Stock selection
- Benchmark returns and characteristics
- Fundamental characteristics (price-to-earnings "P/E" ratio, price-to-book "P/B" ratio, earnings-per-share "EPS" growth (historical, forward), current yield, dividend payout, market capitalization, return on equity "ROE", debt to capital, equity beta, S&P rating, earnings stability, relative strength)

Current, historical, absolute, and relative statistics are analyzed to obtain the most complete information required to make effective investment decisions.

Qualitative analysis includes the evaluation of:

- Subadviser's philosophy, style, implementation, effectiveness
- Firm's stability, business management, succession planning
- Manager and research analyst compensation and incentives, priorities, resources
- Internal communications, trading practices, investment decision making, risk controls, compliance
- SEC Form ADV filings; fee negotiations, breakpoints, etc.

The same process is followed for non-proprietary funds to the extent possible (given disclosure limitations).

Termination/Replacement Process

While we expect subadvisers to continue to provide historically competitive results over multiple market cycles, changes in the investment environment or a firm during the interim may require that corrective actions be taken.

Performance shortfalls may occur for any number of reasons. In order to avoid untimely subadviser termination decisions due to poor performance during difficult periods, an understanding of the investment climate and market cycle is critical to the evaluation process. The termination process is considered as important as the initial selection decision. Aspects of the termination activities include evaluating the following considerations:

- What is the source or cause of the problem?
- Is the source or cause systemic, the result of short-term market conditions, or a single error in judgment?
- Is the source or cause something that could not have been expected given the subadviser's discipline?
- What is the probability the source or cause will happen again?

Results of the watch list analysis are presented to the appropriate senior management at its next meeting or at a special meeting for review and consideration. Termination of a subadviser may occur at any time, regardless of past performance, if:

- There is a change in key personnel or investment philosophy
- The investment characteristics are not consistent with the stated philosophy
- Assets managed exceed an amount deemed appropriate for the organization or style
- For any reason it is determined that performance expectations for the subadviser have changed
- Fund objectives are revised and the subadviser is no longer appropriate

Recent Changes to the VantageTrust Mutual Fund Series

Recent events in the mutual fund industry have raised concerns by regulators and investors alike. At ICMA-RC, we are closely monitoring this situation. The VantageTrust Company, the company established by ICMA-RC to provide retirement plan services, is reviewing the issues with regard to funds from other investment companies that we offer as investment options to our participants.

As the provider for retirement investments to more than 640,000 public sector participants, we are very conscious of our role in assisting them to invest for retirement security, and we take our responsibilities very seriously. We believe that the actions we are taking are in the best interests of our participants.

In this regard, we made several changes to the VantageTrust Mutual Fund Series effective December 19, 2003:

- **VT Janus Adviser Series Worldwide Fund.** The VantageTrust Company Board of Directors decided to close this fund due to concerns over performance, the departure of its long-term fund manager, and ongoing investigations of the operations of Janus Capital Group.
- **VT Putnam International Equity Fund** and **VT Putnam Voyager Fund.** The VantageTrust closed these funds because of changes in the funds' management. We were also concerned about the nature of the investigations of Putnam Investments.

Effective March 5, 2004, we made an additional change to the VantageTrust Mutual Fund Series:

- The VantageTrust Company closed the **VT INVESCO Small Company Growth Fund.** Also on that date, ICMA-RC closed the **INVESCO Core Equity Fund, INVESCO Dynamics Fund, INVESCO Financial Services Fund, and INVESCO Small Company Growth Fund.** These funds were closed because of concern about the nature of the investigations of INVESCO.

As early as April 23, 2004, the VantageTrust Company will make an additional change to the VantageTrust Mutual Fund Series:

- The VantageTrust will close the **VT MFS Large Company Growth Fund**, which invests solely in the MFS Massachusetts Investors Growth Stock Fund. Also on that date, ICMA-RC will close all funds offered by MFS under our IRA fund lineups. These funds will be closed because of concern about the nature of the investigations of MFS Investment Management.

We will continue to monitor the funds of other investment companies that we offer to our participants, and will recommend appropriate actions to the VantageTrust Company. If the VantageTrust Company takes any additional actions, we will communicate any change to our participants promptly.

I trust this explanation has provided the County with the information it requires. All of us at ICMA-RC look forward to continuing to serve the County as your retirement planning partner. If you have any additional questions regarding any aspect of our services, please contact Mr. Art Flattich, Territory Manager, at (912) 865-3797.

Sincerely,

John Saeli
Director, Marketing Services